

HB 841 -- TAX CREDIT FOR FOSTER CHILD EDUCATION

SPONSOR: Koenig

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 10 to 2.

Beginning January 1, 2016, this bill authorizes a tax credit equal to 65% of a taxpayer's cash donations to the newly created Foster Child Education Fund, to be used solely for providing scholarships to eligible recipients to attend a private elementary or secondary school in this state. The donation must be at least \$100 and not more than \$50,000. The credit is limited to 50% of the taxpayer's state tax liability for the taxable year the credit is claimed, cannot exceed \$25,000 per taxpayer, per taxable year, and is capped at \$5 million per fiscal year and issued but not redeemed credit at \$15 million per fiscal year. The credit cannot be refunded, transferred, sold or assigned, but can be carried forward for three years.

The bill defines an eligible recipient as a school-aged child enrolled in K-12 grades in state protective custody for at least 12 of the last 36 months, and a taxpayer as a person, firm, partner in a partnership, member in a limited liability company, shareholder in an S corporation, a corporation doing business in Missouri, a corporation subject to the annual corporation franchise tax, an insurance company paying an annual tax on its gross premium receipts in this state, other financial institution paying taxes to Missouri, any political subdivision of this state under the provisions of Chapter 148, RSMo, an express company which pays an annual tax on its gross receipts in this state under Chapter 153, or any charitable organization which is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under Chapter 143.

A scholarship is defined as an annual grant to eligible recipients to cover all or part of the applicable tuition and fees at a qualified school, the amount must be the lesser of the previous year's tuition and fees for non-scholarship students at the qualified school or 90% of the previous year's average current expenditure per average daily attendance for the student's district of residence or the tuition amount set by the voluntary interdistrict coordinating council for the student's district of residence, if applicable. Any scholarship recipient will continue to be eligible to receive his or her scholarship upon a legal adoption, or after graduation from the qualified school he or she first received a scholarship if attending a new qualified school.

The Department of Elementary and Secondary Education will establish

rules to implement this credit, issue tax credit certificates, grant scholarships, and prepare and maintain an easy-to-search database containing statewide assessment scores of all scholarship recipients. A random identification number will be assigned to each recipient by the department so no personally identifiable data will be accessible on the database.

PROPOSERS: Supporters say that school choice is important to everyone, but especially the children who are most at risk. Children in foster care move around too much to get a good education. This bill allows them to be eligible for a scholarship to cover tuition costs for K-12 education at a private school. It gives them some consistency and they can stay at the private school no matter what district they are placed in. Tax credits will be issued for donations from individuals and businesses.

Testifying for the bill were Representative Koenig and Children's Education Council Of Missouri.

OPPOSERS: Those who oppose the bill say as students are moved from foster family to foster family and change districts, the state doesn't need vouchers to fix this problem. The law already allows the foster child to remain in his or her current school district. This is public money going to private schools. The real challenge for foster children is the pursuit of a higher education. Children that age out of foster care need assistance. Federal education is not the same in a private school. Article 9, Section 1(a) requires a free public education for everyone therefore a public school is required to provide for all the needs of the child and provide an appropriate education based on the child's needs while a private school doesn't have the same requirements.

The benefit the donor gets is a tax credit. The overuse of tax credits reduces the state's ability to fund transportation, education, and other programs. Tax credit style vouchers divert public funds to private schools that are not subject to standards of accountability, transparency, and respect for the rights of student's, parent's, and staff as are applicable to district schools.

Testifying against the bill were Missouri National Education Association; Missouri Council Of School Administrators; and Aft St. Louis Local 420.